

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1913-01
Bill No.: HB 766
Subject: Public Service Commission; Renewable Energy Resources
Type: Original
Date: March 14, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State** assume this bill requires electrical and gas providers to increase use of renewable energy resources. The Public Service Commission will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Public Service Commission could require as many as 28 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes and the like are not repeated in *Code*. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. Therefore, the estimated costs for FY 02 are \$1,722. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** assume that although OPC would be required to participate in the rulemaking proceedings of the PSC mentioned in this bill, it is assumed that current staff could manage the added responsibilities. If further proceedings or complaint cases are generated as a result of the new rules, OPC may need additional resources.

Officials from the **Department of Natural Resources** assume no additional resources would be requested to implement the bill's provisions.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** assume this bill requires the PSC to adopt rules and regulations which establish procedures and standards for retail providers to disclose certain information that the Commission deems necessary to new customers and to existing customers every quarter. Some of the information required is: amount of carbon dioxide, nitrous oxides, sulfur dioxide emissions and nuclear waste information. Also, the sources of electricity supplies by percentages of bio-mass, coal fired, hydro, gas, nuclear, oil, solar, wind and other resources used as well as any other information the Commission decides that would help comparison shopping by customers. The Commission may adopt rules for standardized control and testing of customer owned generation if the Commission determines this is necessary to protect public safety and reliability. It is not clear if this legislation would only become effective after deregulation or not.

ASSUMPTION (continued)

The PSC would request a Utility Regulatory Engineer I (\$55,860) to implement the provisions of this proposal. The PSC has included in the department's request the salary, fringe benefits and expense and equipment costs related to this position. This position would develop rules and regulations for the retail provider to disclose the useful information determined necessary. The bill requires that the electric provider provide information on sources of electricity supplied, emissions, etc. This position would also assist the Department of Natural Resources with the development of the certification process for renewable resources that the utility must meet (3% in 2005; 5% in 2008, and 7.5% in 2015.). This position will develop any standardized control and testing requirements as determined by the Commission for customer owned generation.

Travel Expense

1 Utility Regulatory Engineer I @ 10% travel = 52 days x \$75/day	\$1,950
Vehicle expense: Mileage: 10,000 miles x 29.5 cents per mile:	\$2,950

Oversight assumes the provisions of this proposal could be accomplished with existing resources and has not included costs in the fiscal impact specifications below.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

Long-Range Implications

Officials from the PSC noted that this proposal would require monitoring of fuel mix, sources of electricity, and self generation units to make sure they are under 100 kilowatts of capacity. In addition, this proposal requires retail providers to include a portfolio requirement for new renewable energy sources of 3% in 2005; 5% in 2008, and 7.5% in 2015.

FISCAL IMPACT - Small Business

AK:LR:OD (12/00)

This bill includes a net metering provision; if a small business installed self generation, the business's electric bill could decrease.

DESCRIPTION

This bill requires the Public Service Commission to adopt rules by January 1, 2003, that establish procedures for retail electric or gas service providers to disclose terms of service to current and potential customers and to others on request. The disclosure must include information on price structure and variability; contract details; required deposits, fees, and penalties; and a detailed statement of customer rights. Retail customers may cancel their electric service within seven business days after receiving the disclosure.

A uniform label that facilitates comparison shopping for service must be placed on the marketing and advertising materials of retail electric service providers. The label must disclose terms of service; the percentages of the supplier's electricity generated from coal, biomass, hydropower, solar, wind, nuclear, and other sources; and the supplier's emissions of air pollutants and nuclear waste.

The bill also requires all retail electric service providers, except municipal utilities and rural electric cooperatives that chose not to participate in retail competition, to provide at least 3% of their electricity from renewable sources by 2005, 5% by 2008, and 7.5% by 2015. The Department of Natural Resources, in consultation with the Public Service Commission, will develop a certification process for renewable sources.

The department and commission will also develop safety criteria and a standard contract to provide two-directional net metering to customers with electric generating systems that are powered by renewable energy sources and capable of producing no more than 100 kilowatts. The contract must allow customers to feed excess electricity back into the power grid to offset consumption costs over an annual billing period. Net metering will be provided on a first-come, first-served basis until statewide capacity equals the lesser of 10,000 kilowatts or 0.1% of the state's peak electricity demand for 1999. Utilities must respond to customer connection requests within 30 days and complete the connection within an additional 15 days or a mutually agreeable later date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development - Public Service Commission

AK:LR:OD (12/00)

Department of Economic Development - Office of Public Counsel
Department of Natural Resources
Office of Secretary of State

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA
Director
March 14, 2001